

Opinion

## Big box has big costs

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By Howard Brown, Special to the Times

As a business person with a background in city planning, I would like to respond to Sherwin Casher's article in last week's ShoreLine Times, in which he argued that Guilford residents should welcome the prospect of Costco opening a store in Guilford. I feel that Mr. Casher misses the point. The issue confronting Guilford is what kind of economic development is best for Guilford. It is not about whether Costco is a good company. Guilford has to decide whether big boxes should be part of Guilford's economic development planning.

Not all economic development is equal. Some economic activities that appear to have short-term benefits are actually counterproductive in the longer run. Given that only 4% of land in Guilford is zoned commercial, use of that land needs to be carefully planned to have the greatest benefit to the local economy. Changing our zoning and long standing Plan of Conservation and Development in order to allow a big-box retail store without adequate study is like buying a house or a business without making an inspection or conducting an audit. That would be not be a prudent business approach nor smart municipal policy.

Compare big-box stores with business parks, for example. A business park employs local people in good jobs and attracts companies with supplies and equipment that are taxable. They tend to use local businesses for cleaning, computers, banking, and other services. In this way, they contribute substantially to the local tax base and the dollars circulate in the local economy without significantly increasing traffic or demands on town services.

Big-box retail stores are very different. They produce no such "ripple" effect on the local economy. Only a tiny percentage of their revenues are recycled locally. In fact, these stores are designed from scratch to minimize property tax obligations. Their warehouse-type cinder block buildings are useless for any other purpose and they contain little more than some industrial shelving and cash registers that are taxed. Yet they impose heavy burdens on local roads and municipal services, such as police calls for shoplifting, accidents, theft, and patrolling. They also rely on many other town services.

An analysis of equalized tax rates, assessments and payments in Connecticut towns with existing Costco stores shows that a Guilford Costco would pay a total of about \$230,000 in taxes (not the \$500,000 claimed by the developer). Deducting the \$74,000 the developer owes in taxes this year for the property without any big box, the net benefit to the town would be \$156,000. This would, for example, scarcely offset the \$130,000 cost of hiring one additional police officer, let

alone providing additional fire and other emergency services.

The argument that big-box development will lower our taxes is a red herring. Most people don't realize that Guilford has one of the lowest tax rates in Connecticut. In 2007, we ranked 141st out of 169 towns in the state. It's no coincidence that all other towns with Costco or other big-box stores have higher tax rates. In effect, I now believe that these stores enjoy a significant public subsidy, while providing little or no tax benefit to the local community.

Aside from the negative effects of big-box development in the short term, the impact on the local economy five or ten years from now is likely to be much more severe. When one big-box retail store comes into a community, others inevitably follow. Not only does money then flow out of the local economy even faster, but studies show that locally owned stores slowly wither and die, with a consequent loss of even more higher value taxable property.

After carefully studying all these issues, I believe that big-box stores offer no net tax benefit to the town, while having a significant negative impact on our quality of life and the local economy. We would be wise to resist the allure of marginal short-term benefits until we make every effort to learn from other communities across the country what the actual costs of a big-box store in Guilford would be. To act in haste on an issue of such importance is simply not businesslike.

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